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Fin630-----Collected by HASSAN TAIMUR MALIK

MIDTERM EXAMINATION

Spring 2009 FIN630- Investment Analysis & Portfolio Management (Session - 2)

Question No: 1 (Marks: 1) - Please choose one

Which one of the following financial instruments represents an ownership share in a corporation?

Common stock

Bond

Preferred stock

Term Finance certificates

Question No: 2 (Marks: 1) - Please choose one

There are _____ broad categories of financial assets.

2

3

4

5

Question No: 3 (Marks: 1) - Please choose one

Shares of McDonald Corporation are an example of a (n):

Standardized financial instrument

Non-standardized financial instrument since their prices can differ over time

Standardized financial liability instrument

Open-end investment

Question No: 4 (Marks: 1) - Please choose one

_____ promotes investment education and ethical behavior among those involved in the investment business.

Licensed International Financial Analyst (LIFA)

Securities Investor Protection Corporation (SIPC)

Chartered Financial Analyst Institute (CFAI)

Securities and Exchange Commission (SEC)

Question No: 5 (Marks: 1) - Please choose one

Which of the following function removes the fear of buying or selling at rip off price?

Fair pricing function

Continuous pricing function

Economic function

Exchange function

Question No: 6 (Marks: 1) - Please choose one

The trading of listed securities in the NASDAQ market is known as:

Primary market

Third market

Secondary market

Fourth market

Question No: 7 (Marks: 1) - Please choose one

Stocks of well-established companies that have stable earnings and no extensive liabilities are known as _____.

Growth stocks

Income stocks

Defensive stocks

Blue chip stocks

Question No: 8 (Marks: 1) - Please choose one

Which of the following statement regarding short sales is NOT true?

Short sales are done with the expectation that prices will rise

Short sales can be executed only on an uptrend

Short sales are all done on margin

Short sales may be executed by both individuals and market makers

Question No: 9 (Marks: 1) - Please choose one

Companies that have capitalization amounts between \$500 million and \$2billion are known as _____.

Small cap companies

Mid cap companies

Growth companies

Large cap companies

Ref: A **blue chip** is a nationally recognized, well-established and financially sound company. The term comes from blue poker chips, which have the highest value in the game

Question No: 10 (Marks: 1) - Please choose one

A procedure for valuing the price of a stock by using predicted dividends and discounting them back to present value is known as.

Capital Asset Pricing Model

Dividend Discount Model

The Residual Earning Model

None of the given options

Question No: 11 (Marks: 1) - Please choose one

In bar chart, which color indicates share prices are going up?

Black

White

Blue

Red

Question No: 12 (Marks: 1) - Please choose one

In candlestick chart, what does white body candle depict?

Prices are moving down

Prices are moving up

Prices are constant

Prices are fluctuating

Question No: 13 (Marks: 1) - Please choose one

On Balance Volume technique of technical analysis was developed by:

Charles Dow

Joseph Granville

John Bollinger

Welles Wilder

Question No: 14 (Marks: 1) - Please choose one

Which of the following is relevant to market breadth?

Specialist inventory

Advance/declining ratio

Fundamental analysis

Ticker tape

Ref: A technique used in technical analysis that attempts to gauge the direction of the overall market by analyzing the number of companies advancing relative to the number declining. Positive market breadth occurs when more companies are moving higher than are moving lower, and it is used to suggest that the bulls are in control of the momentum. Conversely, a disproportional number of declining securities is used to confirm bearish momentum.

Question No: 15 (Marks: 1) - Please choose one

The Elliot Wave Theory is based on repeating _____ waves cycle.

4

5

7

8

Question No: 16 (Marks: 1) - Please choose one

Which of the following is correct formula for calculating short interest ratio?

Average shares sold short / Average daily trading volume

Total shares sold short / Average daily trading volume

None of the given options

Total shares sold short / Total daily trading volume

Question No: 17 (Marks: 1) - Please choose one

ABC Furnitures worth \$51 million. What is another term for this?

Book value

Earning per share

Market value

Cost per share

Question No: 18 (Marks: 1) - Please choose one

Which of the following is TRUE regarding price per earning ratio?

P/E=Earnings available to common stockholders/outstanding shares

P/E=Market price per share/dividend per share

P/E=Market price per share/earning per share

P/E=Dividend per share/earning per share

Question No: 19 (Marks: 1) - Please choose one

When inflation and interest rates are low, Price per Earning (P/E) ratio tend to be:

High

Low

Minimum

Average

Ref: Inflation affects equity prices in several ways. Most importantly, investors are willing to pay less for a certain level of earnings when inflation is high, and more for a certain level of earnings

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when inflation is low (and expected to remain so).

Question No: 20 (Marks: 1) - Please choose one

Which of the following industry is sensitive to business cycle and price changes?

Growth industry

Cyclical industry

Defensive industry

Interest sensitive industry

Question No: 21 (Marks: 1) - Please choose one

Which of the following items will reduce stockholders' equity?

Purchase of equipment

Purchase of supplies

Receiving a loan

Payment of salaries

Question No: 22 (Marks: 1) - Please choose one

Mutual funds pool the funds of savers and can be used to buy

Shares in mutual savings banks only

A variety of financial instruments

Shares in the Federal Reserve System

None of the given options

Question No: 23 (Marks: 1) - Please choose one

Which of the following is defined as an investment company whose capitalization constantly changes as new shares are sold and outstanding shares are redeemed?

Unit investment trust

Closed-end investment company

Exchange traded fund company

Open-end investment company

Ref: An open-ended mutual fund continuously issues and redeems units, so the number of units outstanding varies from day to day. Most mutual funds are open-ended.

Question No: 24 (Marks: 1) - Please choose one

Which of the following is defined as the total market value of securities in an investment company's portfolio divided by the number of investing company fund shares currently outstanding?

Discounted value

Present value

Future cash flow value

Net asset value

Ref: Net asset value may represent the value of the total equity, or it may be divided by the number of shares outstanding held by investors and, thereby, represent the net asset value *per share*.

Question No: 25 (Marks: 1) - Please choose one

Which of the following would be considered as the most bullish indicator?

A price decrease with heavy volume

A price increase with small volume

A price increase on heavy trading

No change in price but an increase in volume

Question No: 26 (Marks: 1) - Please choose one

Stocks can be purchased for a combination of cash and borrowed funds in:

Margin account

Cash account

IRA account

Option account

Question No: 27 (Marks: 1) - Please choose one

The average price of a security or currency over a specified time period used to spot pricing trends by smoothing out the large fluctuations is known as:

Moving Average

Standard deviation

Variance

Beta

Ref: The purpose of Moving Averages is to smooth out the day to day (or time frame to time frame) values for a smooth flowing graphical representation of the general trend of the market prices. Moving Averages are mathematical calculations and results that are generally calculated by averaging a number of past data points.

Question No: 28 (Marks: 1) - Please choose one

The use of the earnings multiplier model requires the use of forecast company earnings. How do investors obtain forecasts of company earnings?

Public companies are required to issue forecasts of quarterly earnings, going out three years

Securities analysts develop and publish earnings forecasts, based on their understanding of the company, its industry, and the overall economy

Securities analysts develop and publish earnings forecasts, based on sophisticated statistical techniques

Because these earnings will be announced in the future, no one can forecast them

Question No: 29 (Marks: 1) - Please choose one

Which of the following is an intangible asset with an identifiable useful life?

Patent

Timber

Goodwill

Trademark

Question No: 30 (Marks: 1) - Please choose one

Which of the following categories is NOT a financial statement element?

Cash flow

Contributed capital

Assets

Distributions

Question No: 31 (Marks: 5)

Differentiate between income stocks and penny stocks.

Question No: 32 (Marks: 10)

Define short selling and describe the procedure of short selling in detail.

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Fin630-----Collected by HASSAN TAIMUR MALIK
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MIDTERM EXAMINATION
Spring 2010

FIN630- Investment Analysis & Portfolio Management (Session - 5)

Time: 60 min

Marks: 44

Question No: 1 (Marks: 1) - Please choose one

_____ provides an automatic execution of limit orders up to 1,099 shares at the best bid or offer.

- ▶ SuperDOT
- ▶ **NASDAQ**
- ▶ Auction market
- ▶ NYSE direct

Question No: 2 (Marks: 1) - Please choose one

The trading of listed securities in the NASDAQ market is known as:

- ▶ Primary market
- ▶ **Third market**
- ▶ Secondary market
- ▶ Fourth market

Question No: 3 (Marks: 1) - Please choose one

A self-regulatory body that licenses brokers and generally oversees the trading practices of Over the counter(OTC) securities is known as _____ .

- ▶ Securities and Exchange Commission (SEC)
- ▶ **National Association of Security Dealers (NASD)**
- ▶ Initial Public Offering (IPO)
- ▶ Offered for Sale (OFS)

Question No: 4 (Marks: 1) - Please choose one

Companies that have historically paid a larger than average percentage of their profit as dividend to their shareholders is known as:

- ▶ Blue chip companies
- ▶ Cyclical companies
- ▶ Growth companies
- ▶ **Income companies**

Question No: 5 (Marks: 1) - Please choose one

Which of the following is suitable for analyzing short term investments?

- ▶ Horizontal analysis
- ▶ Fundamental analysis
- ▶ **Technical analysis**
- ▶ **Ratio analysis**

Question No: 6 (Marks: 1) - Please choose one

A procedure for valuing the price of a stock by using predicted dividends and discounting them back to present value is known as.

- ▶ **Dividend Discount Model**

- ▶ The Residual Earning Model
- ▶ None of the given options
- ▶ Capital Asset Pricing Model

Question No: 7 (Marks: 1) - Please choose one

A good time is characterized by which of following situation?

- ▶ **Market prices moving above the moving average**
- ▶ Market prices moving below the moving average
- ▶ Market prices exactly same as moving average
- ▶ None of the given options

Question No: 8 (Marks: 1) - Please choose one

Which of the following statement is **FALSE** about Elliot Wave Theory?

- ▶ It made extensive use of Fibonacci series
- ▶ It is based on repeating 8 waves' cycles
- ▶ **It identified three movements in security prices**
- ▶ It was proposed by R.N. Elliot

Question No: 9 (Marks: 1) - Please choose one

Which of the following depicts ratio of share price to stockholder equity?

- ▶ Debt coverage ratio
- ▶ Price-to-sales ratio
- ▶ **Price-to-market value ratio**
- ▶ Price-to-book value ratio

Question No: 10 (Marks: 1) - Please choose one

On which of the following financial statements, revenues and expenses can be found?

- ▶ Balance sheet
- ▶ **Income statement**
- ▶ Statement of cash flows
- ▶ Statement of changes in equity

Question No: 11 (Marks: 1) - Please choose one

Which of the following is a basket of stocks that tracks a particular sector, investment style, geographical area, or the market as a whole?

- ▶ **Exchange traded fund**
- ▶ Open-end fund
- ▶ Closed-end fund
- ▶ Unit investment trust

Question No: 12 (Marks: 1) - Please choose one

Which of the following is defined as an investment strategy that involves ongoing

buying and selling actions by the investors?

- ▶ Make or Buy strategy
- ▶ **Active strategy**
- ▶ Passive strategy
- ▶ Buy-and-Hold strategy

Question No: 13 (Marks: 1) - Please choose one

Which of the following is an example of brokerage fee charged by a stockbroker?

- ▶ Margin profit
- ▶ Insurance premium
- ▶ **Transaction cost**
- ▶ Capital expenditure

Question No: 14 (Marks: 1) - Please choose one

Which of the following would be considered as the most bullish indicator?

- ▶ A price decrease with heavy volume
- ▶ A price increase with small volume
- ▶ **A price increase on heavy trading**
- ▶ No change in price but an increase in volume

Question No: 15 (Marks: 1) - Please choose one

Financial securities with a maturity of less than a year from their original issue date are sold in which of following market?

- ▶ **Money market**
- ▶ Bond market
- ▶ Equity market
- ▶ Derivative market

Question No: 16 (Marks: 1) - Please choose one

_____ enables market participants to get accurate and up-to-date price information.

- ▶ Fair pricing function
- ▶ **Continuous pricing function**
- ▶ Economic function
- ▶ Exchange function

Question No: 17 (Marks: 1) - Please choose one

The average price of a security or currency over a specified time period used to spot pricing trends by smoothing out the large fluctuations is known as:

- ▶ Moving Average
- ▶ **Standard deviation**
- ▶ Variance
- ▶ Beta

Question No: 18 (Marks: 1) - Please choose one

An investor will purchase shares of companies in the development stage for:

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- ▶ Current income
- ▶ **Current income and capital gains**
- ▶ Passive losses to offset other income
- ▶ Capital gains only

Question No: 19 (Marks: 1) - Please choose one

Which of the following industry is **NOT** sensitive to business cycle and price changes?

- ▶ **Defensive industry**
- ▶ Interest sensitive industry
- ▶ Growth industry
- ▶ Cyclical industry

Question No: 20 (Marks: 1) - Please choose one

Which of the following categories is **NOT** a financial statement element?

- ▶ Cash flow
- ▶ Contributed capital
- ▶ Assets
- ▶ **Distributions**

Question No: 21 (Marks: 1) - Please choose one

Which of the following statement about a security is true, if it's beta > 1.0?

- ▶ **Security is more risky than the market**
- ▶ Security is less risky than market
- ▶ Security is exactly as risky as market
- ▶ It is not possible to predict riskiness of a security by beta

Question No: 22 (Marks: 1) - Please choose one

A bad time in market will persist when the market prices move:

- ▶ Above the moving average
- ▶ **Below the moving average**
- ▶ Exactly same as moving average
- ▶ Firstly up then down the moving average

Question No: 23 (Marks: 1) - Please choose one

What does price earning ratio indicate?

- ▶ It indicates how many interest payments could be made with a firm's earnings.
- ▶ **It indicates how much investors pay for Rs.1 earning of the company.**
- ▶ It indicates the percentage of earnings paid to shareholders.
- ▶ It indicates the per share profit available for distribution to the shareholders.

Question No: 24 (Marks: 1) - Please choose one

Which of the following is **TRUE** regarding price earning ratio?

- ▶ P/E=Earnings available to common stockholders/outstanding shares

- ▶ $P/E = \text{Market price per share} / \text{dividend per share}$
- ▶ **$P/E = \text{Market price per share} / \text{earning per share}$**
- ▶ $P/E = \text{Dividend per share} / \text{earning per share}$

Question No: 25 (Marks: 1) - Please choose one

Which of the following stock's price move in opposite direction to that of interest rates?

- ▶ Growth stock
- ▶ Value stock
- ▶ **Interest sensitive stock**
- ▶ Defensive stock

Question No: 26 (Marks: 1) - Please choose one

Which of the following is **NOT** a component of ROA?

- ▶ Turnover
- ▶ **Leverage**
- ▶ Sales
- ▶ Net income margin

Question No: 27 (Marks: 1) - Please choose one

Which of the following statement about the types of the orders is **LEAST** accurate?

- ▶ Market orders are orders to buy or sell at the best price available.
- ▶ **Limit orders are orders to buy or sell at or away from the market price.**
- ▶ A stop buy order is used to protect a short position in a security and is placed below the current market price.
- ▶ Limit order must specify a price and a time limit.

Question No: 28 (Marks: 1) - Please choose one

Which of the following statements regarding life cycle of an industry is **MOST** accurate?

- ▶ In the pioneering phase, profits are small or negative.
- ▶ In the mature growth phase, sales growth falls below normal for the first time.
- ▶ During the stabilization phase, growth rates are still above the growth rates in economy.
- ▶ The growth of the substitute products increases total market share & causes profits to increase in the deceleration phase.

Question No: 29 (Marks: 3)

Outline the rationale for sector rotation?

Answer:

- This strategy is involving the shifting sector weights in the portfolio for taking advantage of those sectors
- That are expected to do relatively better and avoid or deemphasize those sectors

- That are expected to do relatively worse.
- Investors employing this strategy are betting that particular sectors will repeat their price performance relative to the current phase of the business and credit cycle.

Question No: 30 (Marks: 3)

What is meant by cooking the books? What measures should be taken to avoid it?

Answer:

Cooking the books is an unethical practice of misrepresenting company's financial standing. When cooking the books, corporations typically manipulate their accounting records and financial statements. Bookmark

Question No: 31 (Marks: 5)

What is the purpose of ratio analysis?

Answer:

Purpose of Ration Anaysis:

- It help us to check either a business is doing better this year than previous years
- Also it tell us about our business is doing better and worse comparative to other businesses who doing business of same the same things.
- By using the ratio analysis we come to know our business is how much profitable? Mean to know business profit.
- Its purpose to know the money to pay its bills and we can even tell whether its shareholders should be happy.

Question No: 32 (Marks: 5)

What is meant by the required rate of return?

Answer:

Ratio analyses gives us complete look over business. The basic purpose of the ration analyses is to judge that whare the business stand and also make he future planning of the business Ratio analysis can also help us to check whether a business is doing better this year than it was last year and it can tell us if our business is doing better or worse than other businesses doing and selling the same things. In addition to ratio analysis being part of an accounting and business studies.

Discount rate for valuing stock is called required rate of return the required rate of return for the stock or any security is the minimum required rate of return to persuade any investor to purchase that stock.

Required rate of return can be calculated by following

Required rate of return = risk – free rate + risk premium

Many different required rate of return for example the average required rate of return of favorite stock is diverse from average rate of return on bonds

Level of required rate of return is changes over time for example:

Required rate of return is changed and inflationary rat is changed because it is a component of risk free rate of return which is also a component of required rate of return.

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MIDTERM EXAMINATION

Spring 2010

FIN630- Investment Analysis & Portfolio Management (Session - 2)

Time: 60 min

Marks: 44

Question No: 1 (Marks: 1) - Please choose one

Which of the following is **NOT** a fixed income security?

- ▶ Bonds
- ▶ Preferred stock
- ▶ Saving deposits
- ▶ **Options**

Question No: 2 (Marks: 1) - Please choose one

_____ are qualified and regulated professionals who trade shares and other securities through market makers on behalf of investors.

▶ **Stock brokers**

- ▶ Members
- ▶ Specialists
- ▶ Day traders

Question No: 3 (Marks: 1) - Please choose one

A self-regulatory body that licenses brokers and generally oversees the trading practices of Over the counter(OTC) securities is known as _____ .

- ▶ Securities and Exchange Commission (SEC)
- ▶ **National Association of Security Dealers (NASD)**
- ▶ Initial Public Offering (IPO)
- ▶ Offered for Sale (OFS)

Question No: 4 (Marks: 1) - Please choose one

_____ is a temporary restriction on program trading in a particular security or market, usually to reduce dramatic price movements.

- ▶ SuperDot
- ▶ NYSE direct
- ▶ **Trading curb**
- ▶ Ticker tape

Question No: 5 (Marks: 1) - Please choose one

A procedure for valuing the price of a stock by using predicted dividends and discounting them back to present value is known as.

- ▶ **Dividend Discount Model**
- ▶ The Residual Earning Model
- ▶ None of the given options
- ▶ Capital Asset Pricing Model

Question No: 6 (Marks: 1) - Please choose one

In candlestick chart, what does white body candle depict?

Prices are moving down ►

Prices are moving up ►

Prices are constant ►

Prices are fluctuating ►

Question No: 7 (Marks: 1) - Please choose one

Which of the following is a popular price pattern?

Double ups ►

Head and shoulders ►

Triangles ►

Resistance and support ►

Question No: 8 (Marks: 1) - Please choose one

Primary trend in Dow Theory is known as _____.

Wave ►

Triangle ►

Tide ►

Rounded bottom ►

Question No: 9 (Marks: 1) - Please choose one

The primary purpose of the liquidity ratios is to determine:

► The amount of earnings paid to shareholders

► The amount of working capital tied up in inventory

▶ **The ability of a firm to pay off short-term obligations**

- ▶ The relative level of short-term debt

Question No: 10 (Marks: 1) - Please choose one

Which of the following statement is **TRUE** regarding earning per share?

- ▶ It represents the company's current obligation
- ▶ It represents the ability of a company to repay its current liabilities
- ▶ **It represents per share profit available for distribution to the shareholders**
- ▶ It represents the percentage of earnings paid to shareholders

Question No: 11 (Marks: 1) - Please choose one

Which of the following industries is **LEAST** sensitive to changes in the business cycle?

- ▶ Manufactures of business plant and equipment
- ▶ **Machine tools and special equipment, such as for pollution control**
- ▶ Industries specializing in high technology
- ▶ A refrigerators manufacturing company

Question No: 12 (Marks: 1) - Please choose one

Which of the following industry tend to be composed of relatively volatile and risky stocks?

- ▶ Defensive industries
- ▶ **Interest sensitive industries**

- ▶ Growth industries
- ▶ Cyclical industries

Question No: 13 (Marks: 1) - Please choose one

Which of the following is defined as an unmanaged, fixed-income security portfolio put together by a sponsor and handled by an independent trustee?

- ▶ **Unit investment trust**
- ▶ Closed-end investment
- ▶ Open-end investment
- ▶ Money market fund

Question No: 14 (Marks: 1) - Please choose one

_____ are financial intermediaries that hold a portfolio of securities on behalf of their shareholders.

- ▶ **Banking companies**
- ▶ Growth companies
- ▶ Value companies
- ▶ Investment companies

Question No: 15 (Marks: 1) - Please choose one

Which of the following statement about a security is true, if its beta < 1.0?

- ▶ Security is more risky than the market
- ▶ **Security is less risky than market**
- ▶ Security is exactly as risky as maket
- ▶ It is not possible to predict riskiness of a security by beta

Question No: 16 (Marks: 1) - Please choose one

Which of the following would be considered as the most bullish indicator?

- ▶ A price decrease with heavy volume
- ▶ A price increase with small volume
- ▶ **A price increase on heavy trading**
- ▶ No change in price but an increase in volume

Question No: 17 (Marks: 1) - Please choose one

Which of the following is **NOT** an asset?

- ▶ **Accounts payable**
- ▶ Equipment
- ▶ Supplies
- ▶ Cash

Question No: 18 (Marks: 1) - Please choose one

Which of the following statement about a security is true, if it's beta > 1.0 ?

- ▶ **Security is more risky than the market**
- ▶ Security is less risky than market
- ▶ Security is exactly as risky as maket
- ▶ It is not possible to predict riskiness of a security by beta

Question No: 19 (Marks: 1) - Please choose one

Which of the following is **NOT** a requirement for an efficient market?

- ▶ Stock prices incorporate all information
- ▶ All known information be reflected in prices

- ▶ The adjustments occur very quickly
- ▶ **Each adjustment be perfect**

Question No: 20 (Marks: 1) - Please choose one

Which of the following allows you to specify the most you are willing to pay when buying or the least you are willing to accept when selling?

- ▶ **Limit order**
- ▶ Market order
- ▶ Stop order
- ▶ Good till cancelled order

Question No: 21 (Marks: 1) - Please choose one

In a candlestick chart, what does black body candle depict?

- ▶ Prices are moving up
- ▶ **Prices are moving down**
- ▶ Prices are constant
- ▶ Prices are fluctuating

Question No: 22 (Marks: 1) - Please choose one

Which of the following is **TRUE** regarding the Dow Theory?

- ▶ Dow Theory is primarily a fundamental analysis tool.
- ▶ Dow Theory was developed by the publisher of Forbes magazine.
- ▶ **Dow Theory identified three movements in security prices.**
- ▶ Dow Theory states that computer algorithms can be used to look for patterns.

Question No: 23 (Marks: 1) - Please choose one

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Which of the following is **TRUE** regarding price earning ratio?

- ▶ P/E=Earnings available to common stockholders/outstanding shares
- ▶ P/E=Market price per share/dividend per share
- ▶ **P/E=Market price per share/earning per share**
- ▶ P/E=Dividend per share/earning per share

Question No: 24 (Marks: 1) - Please choose one

Which of the following situations implies an upward sloping curve?

- ▶ **Accelerating economic activity**
- ▶ Static economic activity
- ▶ Slowing economic activity
- ▶ A recession period

Question No: 25 (Marks: 1) - Please choose one

Which of the following stock's price move in opposite direction to that of interest rates?

- ▶ Growth stock
- ▶ Value stock
- ▶ **Interest sensitive stock**
- ▶ Defensive stock

Question No: 26 (Marks: 1) - Please choose one

Which of the following is **NOT** a component of ROA?

- ▶ Turnover
- ▶ **Leverage**

- ▶ Sales
- ▶ Net income margin

Question No: 27 (Marks: 1) - Please choose one

Which of the following statement about short selling is **LEAST** accurate?

- ▶ The short seller must pay the lender of the stock any dividends paid by the company.
- ▶ The short seller is required to replace the borrowed securities within six months of a short sale.
- ▶ Proceeds from the short sale cannot be withdrawn from the account.
- ▶ **The short seller hoped that the securities prices would decrease in the future.**

Question No: 28 (Marks: 1) - Please choose one

A stop buy order is **MOST** likely:

- ▶ Used to limit the potential losses on a short sale
- ▶ **Executed if the market price is less than or equal to the specified level**
- ▶ An order to purchase a security if the price decreases to a specified level
- ▶ An order that specifies only the time limit

Question No: 29 (Marks: 3)

Outline the rationale for sector rotation?

Question No: 30 (Marks: 3)

Keeping in view the business cycle, describe which industries are least sensitive to changes in the economy? Give two examples.

Question No: 31 (Marks: 5)

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Why is industry analysis valuable?

Question No: 32 (Marks: 5)

State any five objectives of studying balance sheet in fundamental analysis?

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